

<b>DOCKET</b> <b>04-IEP-1D</b>
DATE <u>AUG 12 2005</u>
RECD. <u>AUG 12 2005</u>

August 12, 2005

**HAND DELIVERY**

California Energy Commission  
Attn: Docket Unit  
1516 Ninth Street, MS-4  
Sacramento, CA 95814

Re: Docket 04-IEP-01D, In the Matter of: The Preparation of the 2005 Integrated Energy Policy Report (2005 Energy Report)

Dear Docket Clerk:

Enclosed please find Rebuttal Testimony on Executive Director's "Notice of Intent to Release Aggregated Data" being submitted in the above referenced docket by Pacific Gas and Electric Company.

The Testimony has also been submitted in electronic format to the Docket Office this date.

Yours very truly,

CHRISTOPHER J. WARNER

CJW:mw

Enclosures

1                                   **California Energy Commission**  
2                                   **CEC IEPR**  
3                                   **(Docket 04-IEP-01D)**

4  
5                                   **Rebuttal Testimony on Executive Director's**  
6                                   **"Notice of Intent to Release Aggregated Data"**

7                                   **By**  
8                                   **Roy Kuga, Vice President, Gas and Electric Supply**  
9                                   **Pacific Gas and Electric Company**

10  
11                                   **August 12, 2005**  
12

13   **Q.     What is the purpose of your testimony?**

14   A.     I am providing testimony to respond generally and specifically to the testimony  
15           submitted on July 8, 2005, by Energy Commission staff witnesses in this  
16           proceeding. In particular, I am responding to factual and theoretical contentions  
17           and conclusions provided by Ms. Julia Frayer of London Economics. These  
18           include her characterization of the existing California wholesale and retail energy  
19           market structure; her recitation of empirical information on the electricity  
20           procurement activities of PG&E and other electric utilities and energy suppliers in  
21           the California markets; and her theories regarding the impact on markets and  
22           PG&E's cost of electricity if the confidential information that is the subject of this  
23           appeal is disclosed to suppliers and other participants in the California markets.  
24           In addition, I identify several factual errors in the testimony of Dr. Michael R.  
25           Jaske that I believe render his testimony unpersuasive in key respects.

26  
27   **Q.     At the outset, do you have any general response to the testimony of the**  
28           **Energy Commission staff witnesses?**

29   A.     Yes. In general, the staff testimony misses the point of the appeal by PG&E, SCE  
30           and SDG&E, and therefore mischaracterizes the narrow areas of disagreement  
31           that are the reason for the appeal.

32                 PG&E and the other IOUs have provided the Commission and staff with  
33           all the information, forecasts and data requested in this proceeding, without  
34           exception. The Commission and its staff have full, unrestricted access to this

1 information for purposes of their IEPR responsibilities, and for advising the  
2 California Public Utilities Commission regarding the CPUC's review of the  
3 utilities' long-term procurement plans under Assembly Bill (AB) 57. In addition,  
4 PG&E has offered to make all this information available to all interested parties in  
5 this proceeding under appropriate protections that prevent disclosure of market  
6 sensitive or commercially valuable information to market participants. Thus,  
7 contrary to the implications of the Energy Commission staff witnesses,  
8 maintaining the confidentiality of the narrow portions of this information that are  
9 the subject of this appeal will not, in any way, restrict the access of the  
10 Commission or its staff to this information for purposes of its decision-making or  
11 public debate. In fact, there is nothing in any of the Commission staff's testimony  
12 that identifies any harm to the Commission's decision-making processes or  
13 responsibilities that has occurred or will occur if the Commission continues to  
14 maintain this information as confidential. The closest any of the Energy  
15 Commission witnesses come to identifying a harm to the Commission's decision-  
16 making is Dr. Kennedy, who states that "...the Energy Commission will transmit  
17 information to the CPUC on the IOU [procurement forecast] positions through the  
18 *2005 Energy Report* process, and expects that all parties will have an opportunity  
19 to review and comment on this information." (Kennedy, p. 2). However, even Dr.  
20 Kennedy concedes that the Energy Commission's sister agency, the CPUC, has  
21 maintained confidentiality for similar data while performing its similar decision-  
22 making responsibilities. (Kennedy, p. 7.) And none of the Energy Commission's  
23 witnesses, including Dr. Jaske who references the need for an "informed public  
24 policy debate" as part of the Energy Commission's responsibilities, disputes the  
25 fact that the only interested parties who would have restricted access to this data  
26 would be those who are market participants who could potentially influence  
27 energy markets or profit directly from the information, not other interested parties  
28 such as TURN and other consumer groups who more actively participate in the  
29 "public policy debates" themselves.

30 Moreover, in arguing against the appeal on the grounds that similar data  
31 has been provided or made public elsewhere, the Energy Commission witnesses

1 make an extremely persuasive case for granting rather than rejecting this appeal:  
2 The Energy Commission apparently may not need access itself to this confidential  
3 data because, according to the Energy Commission witnesses, there are abundant  
4 sources of similar data available in other public forums and proceedings, and  
5 therefore this similar data may be sufficient to fulfill the Commission's needs for  
6 Statewide energy planning purposes. Although PG&E does not agree with  
7 assertions that the *same* data is available in other public forums, we do agree that  
8 the Energy Commission, its staff and interested parties all have access to this  
9 other similar data in aggregated form in sufficient quantities and categories to  
10 help fulfill the Commission's statutory energy planning and public policymaking  
11 functions as well as its role as an advisor to the CPUC's procurement planning  
12 proceedings.

13 Thus, at the outset, it is important for the Commission to know what this  
14 appeal is about, and what it is *not* about. Contrary to the Commission staff  
15 witnesses, PG&E believes this appeal is *not* about restricting the Commission's  
16 access to information in order to fulfill its statutory energy planning and public  
17 policy responsibilities in this proceeding. Instead, this appeal is about an effort by  
18 some parties to persuade the Commission to substitute its judgment for that of the  
19 expert electricity procurement personnel of the utilities as to what kinds of  
20 information and data are "market sensitive" and commercially valuable, and then  
21 to release that information and data to market participants on an unrestricted and  
22 one-sided basis even though release of the information is not essential for the  
23 Commission or the public to have reasonable access to the information in order to  
24 fulfill the Commission's Statewide energy planning and policy responsibilities.

25  
26 **Q. Turning more to the specifics of the Commission staff testimony, beginning**  
27 **on p. 7 of her testimony, Ms. Frayer discusses what she believes to be a**  
28 **realistic characterization of the California electricity market in order to**  
29 **determine whether the utility data that is the subject of this appeal is market**  
30 **sensitive or commercially valuable. Do you agree with Ms. Frayer's**  
31 **characterization?**

1 A. No. Ms. Frayer fundamentally misunderstands the California market as it exists  
2 today as utilities such as PG&E are actively seeking and procuring a wide array of  
3 electricity capacity and energy products and services. First, she depicts an  
4 idealized commodity market that has a multitude of buyers and sellers transacting  
5 a standard product with no delivery constraints. This is a very questionable  
6 representation of short- and intermediate-term markets, because it fails to  
7 recognize that there are numerous physical transmission constraints in the  
8 Western U.S. and the California ISO systems, economic constraints on the flow of  
9 power in the Western U.S. due to the short term nature of transmission rights into  
10 and within California, and operational constraints due to the need for local power  
11 generation.

12 Second, Ms. Frayer discusses the procurement markets available to  
13 buyers, noting that buyers have latitude to procure in short-, medium-, and long-  
14 term markets, but that the actual procurement for most LSEs in California occurs  
15 “over a short to medium term horizon.” (p. 9) PG&E is active in many different  
16 product markets with many different time durations, procuring resources across  
17 different geographic markets under short-term, mid-term and long-term contracts,  
18 including transactions as short as hourly and day ahead, to one to three months in  
19 duration on a forward basis, to up to five years in duration forward, and as long as  
20 10 and 20 years. Currently, most capacity and energy delivered to customers  
21 today is from utility-owned or long-term procured resources. Further, PG&E is  
22 currently seeking conventional resources with a preference for 10 year terms, but  
23 will consider longer-terms, and is also soliciting additional renewable resources  
24 with long-term contracts with terms as long as 20 years. For this reason, Ms.  
25 Frayer is wrong in asserting that it is sufficient to restrict public disclosure of  
26 PG&E’s forecast needs for only the first three years as proposed by the Energy  
27 Commission. Any disclosure of forecasts beyond the first three years will overlap  
28 and affect PG&E’s longer term five, 10 and 20 year procurement initiatives,  
29 which PG&E is actively pursuing on behalf of our customers.

30 Finally, I note that Ms. Thayer’s characterization of the markets  
31 contradicts that of another of the CEC’s witnesses, Dr. Jaske. On p. 8 of his

1 testimony, Dr. Jaske states “In contrast, in 2005, the vast majority of IOU  
2 generation comes from power plants they own or from multi-year power purchase  
3 contracts...There is no organized Day-ahead energy market, but there are a few  
4 thinly traded, standardized contract forms that allow for a limited degree of price  
5 discovery for bilateral contracts.”  
6

7 **Q. Do you agree with Ms. Frayer’s description of aggregated summary tables of**  
8 **confidential utility information she refers to in her testimony?**

9 A. No, PG&E does not agree and I believe that her use of the term “aggregated  
10 summary tables” is misleading. Beginning on p. 5 of her testimony she describes  
11 all of the tables that the CEC is proposing to release as “aggregated summary  
12 tables” and then generically uses this term elsewhere in her testimony, ignoring  
13 the distinction between annual and quarterly utility bundled customer specific  
14 data tables and planning area aggregated summary tables. An example of this is  
15 her conclusion on p. 27 that “Release of the aggregated summary tables may be  
16 efficient for overall market operations in the long run and in the ratepayers’  
17 interest.” Is Ms. Frayer referring to IOU specific data, planning area data, or  
18 both? Ms. Frayer presents no evidence or discussion as to how the release of IOU  
19 specific data would support this conclusion. Given the important distinction  
20 between the IOU-specific and planning-area data that is the crux of this appeal,  
21 PG&E believes it is misleading to discuss this data interchangeably. PG&E  
22 supports the publication of planning area aggregated summary tables, as this level  
23 of information is important and useful for all interested parties and policymakers  
24 to know, and will not unfairly release any individual participant’s competitive or  
25 commercially valuable information. However, we believe release of utility-  
26 specific and quarterly-specific data will adversely affect our ability to procure for  
27 our customers on a least-cost, competitive basis. In this respect, Ms. Frayer’s  
28 failure to distinguish between the two is misleading.  
29

30 **Q. On p. 3 of Ms. Frayer’s testimony she states that economic theory suggests**  
31 **that requiring buyers to disclose their private, confidential information to**

1        **suppliers as a “refinement” of information developed by the sellers**  
2        **themselves on the buyers’ requirements should generally reduce prices to the**  
3        **buyers due to lower uncertainty and supplier competition. Do you agree?**

4        A.    No. I agree with Ms. Frayer’s contention that refined information indeed will  
5        affect market prices, but I disagree that publicizing detailed information  
6        developed by a buyer about its position in the market will reduce prices,  
7        particularly if there is no reciprocal obligation on the part of the seller to disclose  
8        their own private cost and supply data to that individual buyer. It is more likely  
9        that prices will be higher when a buyer needs a substantial quantity of power  
10       relative to other market participants and the marketplace is aware of such a need.  
11       Even in fairly robust markets this can occur, sometimes referred to as being short  
12       squeezed in the market, especially where demand is inelastic.

13                Regardless of the impact on prices, I strongly disagree with Ms. Frayer’s  
14       conclusion discussed both here and in Section 5 of her testimony that this  
15       information cannot be deemed a “trade secret” simply because commercial firms  
16       have developed their own independent estimates of this information. Just as  
17       corporations cannot preclude independent financial analysts from estimating  
18       quarterly and annual earnings, IOUs cannot preclude others from developing  
19       estimates of IOU load and resources for their own use or for sale. But even if the  
20       financial analysts accurately estimate corporate profits, this does not mean that the  
21       business plans or other proprietary data developed confidentially and privately by  
22       the corporations are not deemed a trade secret. As another example, I am sure  
23       that Ms. Thayer would not assert that the confidential and private analyses and  
24       studies she performs for her clients for a fee are “publicly available” and not a  
25       trade secret, merely because other consultants or the clients themselves have  
26       performed their own analyses and studies on the same topics. Similarly, just  
27       because third parties may perform their own analyses and estimates of the utility  
28       strategy and resource position, this in no way leads to a conclusion that the  
29       utilities’ resource plan or individual plan components are not trade secrets and  
30       therefore should be made publicly available.

1 **Q. On p. 4 of her testimony, Ms. Frayer suggests that information dissemination**  
2 **should lead to lower risk premiums in the offers of suppliers. Has this been**  
3 **PG&E's experience in its procurement?**

4 A. No, it has not been PG&E's experience and further, Ms. Frayer provides no  
5 factual support for this statement. It has been our commercial experience that a  
6 supplier's risk premium is generally not based on the supplier's uncertainty about  
7 the buyer's net open position, or its subcomponents. Rather, the seller's risk  
8 premium is typically based on a variety of other risk factors including, but not  
9 limited to, perceived market price risk, market liquidity, credit risk, regulatory  
10 risk, and delivery risk. PG&E's own requests for offers (RFOs) issued to  
11 potential bidders and suppliers provide a wealth of detailed information on  
12 PG&E's needs and retail markets, and suppliers are able to develop their  
13 respective bids – including any “risk premiums” built into those bids – based on  
14 this extensive level of detail. In my opinion as one of PG&E's lead officers  
15 responsible for electricity procurement, the absence of PG&E's specific capacity  
16 and energy forecasts from these bid and RFO packages has not in any way  
17 hampered the ability of suppliers to participate in PG&E's RFOs or to assess the  
18 balance of risks and benefits to be included in the resulting multi-year bilateral  
19 procurement contracts. In contrast, Ms. Frayer's testimony appears to be based  
20 on no real world or empirical experience or expertise in the IOUs' recent post-  
21 energy crisis procurements, nor are her theoretical conclusions on how the  
22 California electricity markets work consistent with the real experiences I and the  
23 rest of PG&E's procurement personnel have had and are having today.

24  
25 **Q. Starting on p. 4 and continuing on p. 5, Ms. Frayer claims that the release of**  
26 **the utilities' forecast data will provide important signals for new investment.**  
27 **Do you agree with this conclusion?**

28 A. No. Ms. Frayer fails to demonstrate how release of the narrow categories of data  
29 that are the subject of this appeal, such as quarterly disaggregated data, adds any  
30 more value than would be created by release of the data that is not subject to this  
31 appeal, such as annual aggregated data on a planning area basis. An investment



1 decision does not rely on quarterly disaggregation by IOU; a long-term contract  
2 and the extensive information provided by the individual utilities as part of their  
3 RFOs and bid packages provides significant and sufficient relevant commercial  
4 information for a multi-hundred million dollar investment, and quarterly  
5 disaggregated information should not make or break such a decision. Again, Ms.  
6 Frayer's testimony is purely theoretical on this point, and does not reflect any  
7 knowledge or real world experience in the California IOUs' current procurement  
8 proceedings.  
9

10 **Q. Starting on p. 16 and continuing on p. 17, Ms. Frayer discusses the**  
11 **"Winner's Curse." Is her discussion accurate in light of your experience and**  
12 **understanding of current California energy markets?**

13 A. No. Such a theory may work in a merchant model, but Ms. Frayer fails to  
14 understand that this concept is not applicable in the current California model,  
15 where investment is driven by long-term contracts. In a merchant model, a  
16 generator may be willing to invest in new generation resources if there is public  
17 knowledge of a region's or local area's net open position. The Winner's Curse  
18 implies that without such knowledge, the generator may make such an investment  
19 based on overly optimistic information and ultimately lose money based on such  
20 wrong estimates. In the reality of the California market, to the extent that a  
21 generator is able to win a supply contract, the specific components of the IOU's  
22 net open position are not relevant in the decision to build the generating resource  
23 to serve the supply contract. Ms. Frayer's assertion that the uncertainty premium  
24 is meant to cover a lack of information is outright wrong; rather, the uncertainty  
25 premium charged by suppliers in the real (not theoretical) California market is  
26 driven by credit risk, regulatory risk, fuel price risk, delivery risk, and the like.  
27 Ms. Frayer's theory again does not reflect the real California procurement markets  
28 and processes that PG&E is undertaking. I note that no bidder or its financing  
29 entity participating in PG&E's current long-term resource solicitation requested  
30 utility-specific information on PG&E's resources or needs beyond what PG&E  
31 provided in its RFO, leading me to conclude the bidders have more than sufficient

1 information on utility requirements and market needs on which to make a  
2 competitive offer based on long-term supply contracts.

3

4 **Q. Starting on p. 29 and continuing on p. 30, Ms. Frayer suggests that the IOUs**  
5 **should encourage investment by releasing their confidential information. Do**  
6 **you agree?**

7 A. No. PG&E notes that in its Long Term RFO it disclosed its willingness to  
8 purchase new generation for specific quantities and over specific timeframes, and  
9 provided extensive further information on transmission proxy costs, which varied  
10 depending on where new generation was sited. Given this guidance for new  
11 generation investment, and given Ms. Frayer's assertions that dissemination of  
12 information is necessary for investment, why would suppliers need to see IOU-  
13 specific quarterly forecast information unless it was because they wish to use that  
14 information to exercise market power to extract the greatest value for their  
15 investments or contracts in short, intermediate and long-term markets? With  
16 respect to investment decisions, the supplier community knows through the RFO  
17 process what PG&E is willing to commit to buy under bilateral contracts, and that  
18 supplier community should not need to factor in risk premiums based on a lack of  
19 knowledge about PG&E's market position. Additionally, what the supplier  
20 community does not and should not have is specific information that allows it to  
21 calculate an IOU's market position and exercise market power with it, particularly  
22 in the short and intermediate term.

23 Ms. Frayer relies on economic theory and has developed a mistaken  
24 assumption that the generating community and the capital markets will make  
25 speculative, merchant investments if they just know what each utility's net open  
26 is. Nothing could be further from the truth. In fact, the reality is just the opposite.  
27 In talking to potential bidders and developers and capital markets, no entity has  
28 ever mentioned to us the need for a utility's net open as an essential consideration  
29 for the successful development of new resources.

30

1 **Q. On p. 30, Ms. Frayer claims that the cost to ratepayers of correcting under-**  
2 **investment in the long run will exceed the increased cost of procurement in**  
3 **the short term due to release of information. Is this correct?**

4 A. No. PG&E agrees that under-investment in the short run may increase costs in  
5 the long run, but protection of the utility-specific information that is the subject of  
6 this appeal simply will not result in under-investment, given the extensive data  
7 and information already available from other sources, such as our own RFOs and  
8 bidding packages, as well as the information from public sources that Ms. Thayer  
9 and the other Energy Commission staff witnesses cite. Given that this  
10 comprehensive system level information is available to all sellers and developers,  
11 it represents the appropriate level of information to determine investments. An  
12 individual IOU could be vastly short energy while at the same time releasing this  
13 market sensitive information, and Ms. Thayer's "benefits" to ratepayers would  
14 immediately evaporate into thin theoretical air.

15  
16 **Q. Turning now to Dr. Jaske's testimony, do you agree with all his factual**  
17 **assertions and assumptions that are the basis of his conclusions?**

18 A. No. Dr. Jaske draws several conclusion based on erroneous information and  
19 unsupported assertions. The first such conclusion is on p. 3, where he asserts the  
20 aggregated summaries of confidential utility data are essential to electricity  
21 planning in California, and in his opinion "The aggregated summary tables  
22 proposed by the Executive Director allow the resource plan data to be released in  
23 a sufficiently aggregated form to protect trade secrets, yet in a sufficiently  
24 disaggregated form to allow an informed public policy debate." PG&E does not  
25 agree with this assertion for several reasons.

26 First, PG&E has made all data and information available to CEC staff and  
27 Commissioners for their use in developing public policy. Further, PG&E  
28 routinely makes this detailed information available to participants in PG&E's  
29 regulatory proceeding who are not market participants.

30 Second, the CPUC, which also makes public energy policy in its  
31 proceedings, has demonstrated that it is fully capable of reaching decisions

1 without publicly releasing the data proposed by the CEC for public release, and I  
2 suspect the CPUC would not reject an Energy Commission report on utility  
3 resource need if certain information were protected from broad, unrestricted  
4 disclosure to market participants.

5 Third and finally, Dr. Jaske has failed to explain how public policy would  
6 suffer if the IOU-specific data were held as confidential. Given the level of  
7 information available in the market today, as discussed by both Dr. Jaske and Ms.  
8 Frayer, and the endorsement by all parties for the release of system-level and  
9 planning area data aggregations, I fail to see how the public policy debate would  
10 be impaired without IOU-specific data.

11 Also on p. 3, Dr. Jaske states that IOUs have failed to support their  
12 assertion of harm to ratepayers, given the Executive Director's aggregation  
13 proposal that shields the first three years of information and the theoretical  
14 economic benefits to ratepayers if IOU-specific data is released. While PG&E  
15 applauds the Executive Director in shielding the front three year's of data, PG&E  
16 is currently procuring for 10-20 year terms with on-line dates in the 2008-2010  
17 timeframe. This is well beyond the time horizon of the Executive Director's  
18 confidentiality proposal, and PG&E believes data should be confidential during  
19 this time frame because it is procuring resources in this time frame and this  
20 information if disclosed may be used to skew prices. Further, PG&E disagrees  
21 that providing IOU-specific information will provide economic benefits to  
22 ratepayers. While Ms. Frayer provides a theoretical argument for this, neither Dr.  
23 Jaske nor Ms. Frayer provide any empirical or even anecdotal evidence of this  
24 based on current utility procurements in current California markets. To the  
25 contrary, I note that none of the bidders in PG&E's current long-term resource  
26 solicitation has required any additional utility-specific information on PG&E's  
27 resources or needs in the preparation of its bids, leading me to conclude the  
28 bidders have more than sufficient information on utility requirements and market  
29 needs on which to make competitive offers.

30 On p. 7, Dr. Jaske concludes that the release of IOU-specific data is at best  
31 a modest refinement over current estimates by generators and energy consultants

1 because IOUs already provide similar information in other forums and that certain  
2 information can be guesstimated. He specifically cites the submittal of utility data  
3 in annual FERC filings. His characterization of the data released by the utility in  
4 these proceedings is incorrect. First, what the utilities seek to keep confidential is  
5 straightforward: bundled customer peak demand data and the capacity  
6 information regarding our resources in order to prevent market participants from  
7 determining future requirements; and quarterly data that would allow market  
8 participants to ascertain PG&E's seasonal market position and market  
9 participation strategy in light of our unique reliance on seasonal hydroelectric  
10 resources from both inside and outside our service territory. With that in mind,  
11 the data utilities provide in other forums is different than what we seek  
12 confidentiality for here. The FERC Form 715 submittal includes load data  
13 regarding PG&E's transmission deliveries, which includes more than just  
14 PG&E's bundled load requirements. This data would be more akin to the CEC-  
15 proposed system load information, and PG&E agrees that this level of data can be  
16 made publicly available. Similarly, PG&E does not dispute that information  
17 provided to FERC in annual Form 1 submittals on utility-owned generation is  
18 public. For the reasons already stated in earlier parts of my testimony, I wholly  
19 reject the conclusion by Dr. Jaske and Ms Frayer that because commercial firms  
20 create estimates of an IOU's loads and resources, then the IOU is obliged to  
21 provide its own actual operating data and forecasts to competitors and market  
22 participants.

23 Also on p. 7, Dr. Jaske asserts that release of the data will not lead to a  
24 repeat of the market conditions in 2000-2001, as structural changes in the market  
25 and release of planning information preclude this from occurring. While PG&E  
26 hopes that the factors that caused the electric market meltdown in 2000 and 2001  
27 have been sufficiently changed to preclude this from occurring again, when the  
28 dust settled we could see the basic problem in 2000-2001 was that California had  
29 a supplier-led market, and concerted manipulation by suppliers, as confirmed by  
30 FERC, caused the meltdown. If utilities are required to release all information in

1 the future there is a possibility that suppliers may again be in a position to skew  
2 the market balance, constraining the electric supply in order to manipulate prices.

3 Dr. Jaske is incorrect in asserting on p. 15 that the CPUC has ordered the  
4 utilities to release bundled customer quarterly energy tables and forecasts. In fact,  
5 the ALJ Halligan/Thorson ruling cited by Dr. Jaske limited the release to  
6 quarterly *system* demand, not *bundled customer* demand. Dr. Jaske is further  
7 incorrect in asserting on p. 17 that IOUs plan to an annual target, rather than  
8 considering monthly requirements. PG&E *plans* resources to meet requirements  
9 on a multi-year, annual, quarterly, monthly, balance of month, daily and hourly  
10 basis. PG&E, and most other LSEs, generally *procure* to meet annual and  
11 monthly peak load. This is a substantial distinction, as it is precisely the  
12 planning-related as well as annual peak procurement information that we seek to  
13 protect from active market participants.

14 Finally, Dr. Jaske erroneously concludes on p. 17 that PG&E provides no  
15 specific rationale regarding our request for the protection of quarterly data, either  
16 at the IOU-level or the service-territory level. PG&E was very clear in the  
17 original application for confidential treatment of this data, and again in our  
18 appeal, why we believe protection of this information is necessary – release of  
19 this information will provide competitive market participants with market  
20 sensitive and commercially valuable information regarding PG&E’s market  
21 position and strategy. Dr. Jaske notes that PG&E and Northern California are  
22 hydro rich, which affects our quarterly position. This in turn impacts PG&E’s  
23 market participation, both as buyer and seller. Providing quarterly information,  
24 whether at the utility level or at the planning-area level, will simply provide  
25 competitors in the market with vital information they can use to shape energy  
26 deliveries, plan purchases, and manipulate prices based on projected market  
27 supply and demand. PG&E sees absolutely no benefit to itself by releasing data  
28 that will enhance market participants in their market planning, and can foresee  
29 potential harm by strategic market participation by entities using this data. This  
30 really comes down to a difference in market perspectives. Dr. Jaske sees that  
31 IOU-specific quarterly data provides valuable information to policy makers

1        regarding resource choices and provides valuable signals to market participants  
2        regarding future needs. As one of PG&E's lead officers responsible for electricity  
3        and gas procurement, I see unilateral release of this information as potentially  
4        enabling yet another opportunity for potential exercise of market power by non-  
5        CPUC regulated energy suppliers. Further I believe we can satisfy Dr. Jaske's  
6        and the State's need to provide appropriate information for policy makers and  
7        non-market interested parties by making this information available at the  
8        aggregated levels we previously have recommended, as well as through  
9        appropriate non-disclosure agreements as is routinely done at the CPUC.

10    **Q.     Does this conclude your testimony?**

11    **A.     Yes, it does.**

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **“REBUTTAL TESTIMONY ON EXECUTIVE DIRECTOR’S “NOTICE OF INTENT TO RELEASE AGGREGATED DATA””** by

- transmitting an e-mail message with the document attached to each party on the official service list for Docket 04-IEP-01D hereby listed below.

Parties at the California Energy Commission:

Chairman Joseph Desmond c/o [TParkiso@energy.state.ca.us](mailto:TParkiso@energy.state.ca.us)

Vice Chair Jackalyne Pfannenstiel c/o [cgraber@energy.state.ca.us](mailto:cgraber@energy.state.ca.us)

Commissioner Arthur Rosenfeld c/o [sharris@energy.state.ca.us](mailto:sharris@energy.state.ca.us)

Commissioner Jim Boyd c/o [lbeckstr@energy.state.ca.us](mailto:lbeckstr@energy.state.ca.us)

Commissioner John Geesman c/o [hkalleme@energy.state.ca.us](mailto:hkalleme@energy.state.ca.us)

Jonathan Blees c/o [jblees@energy.state.ca.us](mailto:jblees@energy.state.ca.us)

Caryn Holmes c/o [cholmes@energy.state.ca.us](mailto:cholmes@energy.state.ca.us)

For Southern California Edison Company

Beth Fox c/o [Beth.Fox@SCE.com](mailto:Beth.Fox@SCE.com)

For San Diego Gas and Electric Company

Lisa Urick c/o [LUrick@Sempra.com](mailto:LUrick@Sempra.com)

Executed on August 12, 2005, at San Francisco, California.

---

MARTIE L. WAY